

OFFER FOR IOWANS**IDENTIFYING INFORMATION****Offer Identifier:** H_401_06F**Offer Name:** Child Support Recovery**This offer is for:** status quo existing activity**Result(s) Addressed:****New Economy: Per Capita Personal Income Growth****Improve Health: Access to Quality Health Care****Improve Community Safety: Fair, Equitable and Timely Justice****Improve Student Achievement:****Health of Learners: Access to Health Care****Secure and Nurturing Families: Family Income****Person Submitting Offer:** Kevin Concannon**Contact Information:** Jeanne Nesbit – 242-3243**OFFER DESCRIPTION**

Child Support establishes the legal obligation of both parents to provide for their children and enforces the obligation established by the court. There are currently 182,691 cases in the child support caseload, 151,654 cases that have a court ordered support obligation. By 2006 there will be a *net* increase of 4,558 cases.

Federal and Iowa law establishes the processes to be used but allows for innovations to gain better results. An example is a shared office in Omaha that enforces cases common to Iowa and Nebraska to reduce the delays caused by interstate referrals and the need for two states to be involved. Another is that Iowa is the first state to mandate that all child support payments be sent electronically to families. This reduced the length of time it takes customers to receive their payments and reduces the cost of sending the payments. Over 2.7 million payments were received and processed in SFY 04. Federal law prescribes the process to be used to establish and enforce orders including data matches.

This offer will secure \$312,345,600 in child support collections, of which \$265,938,526 will be collected in current and past due support for families, and the remainder of \$46,407,074 are collections retained by the State of Iowa and federal government on current and former public assistance cases, foster care and other states. There has been a 115% increase in the past nine years in the total amount of child support collected. From SFY 01-04 Iowa collected \$1.1 billion in child support payments, a portion of which was sent to families, other states, and to reimburse the State of Iowa and federal government for public assistance expended. This effort contributes to the per capita personal income growth of the custodial parents in the child support caseload.

In addition, 8,259 new medical support orders were established and enforced in SFY 04 for the non-custodial parent to provide health insurance for the children. These efforts contributed toward ensuring quality access to health care for Iowa children.

This offer assumes the receipt of SFY 06 salary adjustment dollars for the child support program.

The laws, rules and regulations that support and authorize enforcement and establishment activities of the child support program are found at 45 Code of Federal Regulations 303, Chapters 252B, 252D, and 252E of the Code of Iowa, and IAC – Chapters 95, 96, 97, 98 and Iowa Code Chapter 252F Iowa Administrative Code 441-99.21 through 99.32.

OFFER JUSTIFICATION

Iowa must provide Child Support services that meet federal state plan requirements as a condition of receiving approximately \$131.5 M annually in Federal Temporary Assistance for Needy Families (TANF) funds 42 U.S.C. 602(a)(2).

PERFORMANCE MEASUREMENT AND TARGET

Federal auditors at the end of each Federal Fiscal Year conduct an annual performance and data reliability audit. Data accuracy must be determined to meet the confidence level of 95% or better in order to pass the audit. In addition, states must meet a performance level of 90% or better for paternity establishment. Failure to pass the audit results in sanctions to the TANF program and the loss of anticipated incentive bonus used to support the child support program. Iowa has never failed to meet the reliability audit or to receive incentives.

State share of public assistance collections are used to meet a portion of the state funds contribution to the maintenance of effort in the Family Investment Program (FIP).

- Approximately 652,000 parents and children received the services of the child support program in SFY 04. Each child support case has no less than one child associated with the case.
- No less than 90% of children served by child support will have two parents legally responsible for the care of the child.
- The Iowa Child Support Program will collect no less than 64% of the current child support due for the year. Families with a child under the age of majority will receive an average of \$207.70 per month in current and past due support. The Child Support Program will continue to collect \$66.12 per month in past due support for families with children over the age of majority. These efforts will contribute to the per capita personal income of the custodial parents in the child support caseload.
- No less than 112,961 cases will receive a payment for delinquent support.
- Child support recoveries for individuals currently or formerly receiving public assistance will be used to offset the state cost of the Family Investment Program in the amount of \$10,587,838. **Note: Should this Offer not be fully funded and staff reductions occur, the amount of collections projected will be reduced. A reduction in collections for the State of Iowa will have a direct impact on DHS' Offer # H_401_25, Supporting Basic Needs and Self Sufficiency.**
- 90,102 cases will have a medical support order requiring the non-custodial parent to provide health care coverage, if employer provided health care coverage is available.
- The return on investment (ROI) for this Offer is 6:1, i.e., \$6.00 is collected in child support for every \$1.00 spent for the program.

In Federal Fiscal Year (FFY) 02, according to federally audited data of all states and territories, Iowa's current period support collection rate was 59.10% as compared to the national rate of 57.55%. In FFY 03, Iowa's current period support collection rate was 60.02% as compared to the national rate of 57.64%, which is still unaudited. And, in SFY 04, Iowa had a current period support collection rate of 61.33%.

The current period support collection rate is measured against cases in the child support caseload with a court order for current support. In FFY 02, Iowa had the third highest percent of cases with a court order in the nation – 87.79%. Many states with a high current support percentage have a lower percent of their cases with a court order. This means less current support is ordered to be paid, making the current support percent artificially high.

Currently, 570.2 state and county staff work on 182,691 cases in CSRU. With lower caseloads, staff would be able to spend more time making personal contacts to obligors and obligees to locate assets and secure ongoing payments.

Options to increase Iowa's current support collection rate include:

- #1) If there were an additional \$1,000,000 (state funds) invested in the child support program in SFY 06, CSRU could hire an additional 49 staff in order to reduce caseloads and to work cases more intensely. It is projected that these 49 additional staff could increase the current period collection rate by approximately 5%, raising it to 66% for SFY06 and resulting in the collection of \$18,000,000 more for families, Iowa and other states.
- #2) If there were an additional \$1,800,000 (state funds) invested in the child support program in SFY 06, CSRU would hire an additional 86 staff. It is projected that these 86 additional staff could collect an additional \$32,000,000 for families, Iowa and other states and would increase the current period support collection rate to 70% in SFY 06. The ability to secure a collection rate of 70% assumes that we are able to precisely predict caseload size and the support amounts that will be due a year in advance. It is also based on our continuing assumption that the economy is on an upswing.

A question was also raised about the number of children on Medicaid versus the number of children covered by private health insurance. CSRU can only provide the number of cases because the data set does not allow us to speak precisely to the number of children per case who are eligible for health insurance coverage provided by the employer. In July 2004, children on approximately 64,118 cases were eligible for Medicaid and children on approximately 27,477 cases were covered by private health insurance. It is important to note that about 65% of the cases in the child support caseload in SFY 04 were referred due to the receipt of FIP or Medicaid benefits by the family.

PRICE AND REVENUE SOURCE

Total Price: \$50,830,990

State Price: \$9,894,068

Expense Description	Amount of Expense	FTEs
State, county and call center staff	\$32,672,284	570.2
Administration	\$18,158,706	7.07
Total	\$50,830,990	577.27

Revenue Description	Amount
Matching Federal funds	\$34,028,405
Public Assistance collections (earmarked for financial data matches)	\$83,600
Administration	\$229,741
Fee income	\$73,150
State appropriation	\$9,664,327
Federal performance incentives	\$6,751,767
Total	\$50,830,990

OFFER FOR IOWANS

IDENTIFYING INFORMATION

Offer Identifier: H_401_25F

Offer Name: Supporting Basic Needs and Self-Sufficiency for Low-Income Families

This offer is for a (pick one):

☐ new activity

☒ improved existing activity (describe the improvements in your narratives below)

☐ status quo existing activity

Result(s) Addressed:

Primary Results:

Improve Iowans Health

- Improve Quality of Life
 - Strengthen and Support Families
 - Safe and Healthy Living Environment for children, persons with special needs and vulnerable populations

Safe Communities

- Prevention
 - Youth and Child Development
 - Prepared for school
 - Succeed in schools
 - Healthy and socially competent
 - Prepared for productive adulthood
 - Are in safe, supportive families, schools and communities
 - Adult Self-Sufficiency
 - Good paying jobs
 - Reduce substance abuse
 - Improve mental health
 - Strengthen coping skills, including anger management
 - Education, workplace skills

Secondary Results:

Improve Student Achievement

- Ready-To-Learn Students
 - Lifestyles of Learners
 - Nutrition
 - Housing
- Secure and Nurturing Families
 - Family Income
 - Family Stability
 - Family Health

- Nutritional
- New Economy**
- Education Workforce
 - Skills for New Economy
 - Vocational & Technical
 - Training of Existing Workforce

Participants in the Offer: Iowa Department of Human Services
Iowa Workforce Development (PROMISE JOBS)
Iowa Department of Human Rights (FaDSS)

Person Submitting Offer: Kevin Concannon, Director

Contact Information: Ann Wiebers, (515) 281-6080, fax (515) 281-7791, e-mail:
awieber@dhs.state.ia.us

OFFER DESCRIPTION

Existing Activity

The *Family Investment Program (FIP)* provides monthly cash assistance to low-income families with children to meet basic needs such as food, clothing, shelter and utilities while they become self-supporting. The typical cash assistance (FIP) recipient is a single, 20-29 year old, high school education, Caucasian female with two children. The average time a family spends on FIP is 21.3% (as of July 2004). [FIP is Iowa's Temporary Assistance to Needy Families (TANF) cash assistance program, which is governed by 45 CFR 260. Iowa Code section 239B.3 requires IDHS to provide an ongoing cash assistance grant under the family investment program to a family eligible under section 239B.2.]

Families applying for or receiving FIP are required to work towards self-sufficiency through the *PROMISE JOBS* program. PROMISE JOBS provides training, education and employment services to FIP families to help them become self-sufficient and avoid long-term dependence on public assistance. Services are currently provided under a contract with the Iowa Department of Workforce Development. [Iowa Code section 239B.17 requires IDHS to provide PROMISE JOBS to FIP families.]

The *Family Development and Self-Sufficiency (FaDSS)* program provides intensive case management services to families receiving FIP who have multiple or overwhelming barriers to achieving self-sufficiency. Barriers may include being a minor parent, victim of domestic violence, history of substance abuse or being in prison or have a child with disabilities. FaDSS supplements the basic services provided under PROMISE JOBS. Services are provided by local community agencies through a contract with the Iowa Department of Human Rights. [Iowa Code section 217.12 requires IDHS to provide FaDSS services to FIP families.]

The *Diversion* programs provide work-related short-term assistance to avoid, eliminate or reduce

families' reliance on Family Investment Program (FIP) benefits. [Iowa Administrative Code sections 441- 47.3 and 47.22 require IDHS to provide diversion services.]

The *Food Assistance Programs* help low-income individuals and families avoid hunger and malnutrition through the distribution of supplemental foods and commodities and through the Food Assistance Program (formerly known as Food Stamps).

- The *Supplemental Food Programs* provides food primarily in the form of commodities for low-income working families and the elderly through food banks, soup kitchens, and senior congregate meal sites and home delivered meals, and state institutions. [7 CFR Part 250. The governor has designated IDHS as the agency responsible for administration of the commodity distribution programs. Iowa Code section 234.12 authorizes the department to enter into agreements with agencies of the federal government as necessary to make available to Iowans any federal food programs that are implemented in the state.]
- The *Food Assistance Program* (formerly known as Food Stamps) provides for the purchase of food, nonalcoholic beverages and ingredients to prepare food using an Electronic Benefit Transfer swipe card. The Food Assistance Program includes job seeking skills training and employment assistance (called Food Stamp Employment Training (FSET)) to people receiving food assistance who do not receive cash assistance under the Family Investment Program (FIP). [The state has a long-standing agreement with the U.S. Department of Agriculture pursuant to the Code of Federal Regulations (CFR) Title 7, Part 272, section 272.2 to operate the Food Stamp Program (Food Assistance in Iowa) with IDHS as the administering agency. As part of its Food Assistance program, the state is further required by federal regulations to have an Employment and Training program (Section 6 of the Food Stamp Act of 1997 as amended by PL 101-171)]

This offer includes administrative functions and local staff necessary to deliver services effectively and efficiently. Service levels under this offer assume any salary adjustment for IDHS staff is fully funded. It also involves collaboration with and affects other state agencies including but not limited to the Iowa Departments of Human Rights, Workforce Development, and Inspection and Appeals. IDHS further partners with a wide variety of local community agencies and service providers.

Improved Activity

To enhance the above offer, we propose the following improved activities:

1. Make Work Pay for FIP Families

For working families applying for or receiving FIP, we propose to increase the earned income disregard when calculating FIP eligibility and benefits. This enhancement will “make work pay” for working families applying for or receiving FIP, creating an increased incentive to obtain, maintain or advance employment.

2. Provide PROMISE JOBS Services to Refugees

Recognizing that refugee families receiving FIP may face language and cultural barriers to becoming self-sufficiency (in addition to the same barriers that any other FIP family may face) and that the department's Bureau of Refugee Services is better suited to addressing these barriers than the Iowa Workforce Development (IWD) that provides PROMISE JOBS services, DHS proposes to fund PROMISE JOBS type services for refugee through the Bureau of Refugee Services.

3. Food Assistance Outreach

In an effort to further increase the number of individuals and families participating in the food assistance program, which benefits are 100% federally funded, DHS proposes to invest \$20,000 in state funds, which will be matched with \$20,000 in federal funds, for outreach activities. Outreach activities will include billboards, promotional posters, advertisements and brochures, radio and TV spots, outreach coordination and building community partnerships, etc.

4. Eliminate Grocer Subsidy (EBT Retailer Fee)

Currently, Iowa DHS pays .07 per Food Assistance EBT transaction to the grocers. [Iowa Code 234.12A 1.b.] We propose to eliminate this subsidy.

Prior to implementing Electronic Benefit Transfer (EBT) for Food Assistance, paper coupons were issued by the State and redeemed at authorized retailers across the state. Retailers incurred costs for the paper coupons in several areas; checkout clerks, register close-out, back-office processing expense, and bank deposit prep/reconciliation. No grocery subsidy/retailer fees were paid to the retailers for processing paper coupons. These costs were a normal part of doing business; no grocery subsidy/retailer fees were paid to the retailers for processing paper coupons.

To reduce the stigma of using food coupons, to increase efficiency in the program, and to allow for better administrative oversight, food assistance benefits are now provided via an electronic debit card (EBT), similar to bank debit card or bank credit card transactions. Retailers utilizing their own equipment now incur a different cost related to EBT. Retailers are charged a transaction fee from the third-party processor that handles their electronic debit transactions. These costs are estimated to vary from \$.06 to \$.15 per transaction. A study by MAXIMUS in 2002 indicated that even with the transaction cost for EBT, the cost to the retailer was still less than operating in a paper environment.

EBT transaction fees are a normal cost of doing business grocers are expected to build into their overhead. In Iowa, however, grocers pass this cost on to the state. Iowa is one of just three (3) states in the country that reimburse grocer retailers for their EBT transactions (Iowa - \$.07, Texas - \$.02, New Jersey - \$.014). Grocers in the other 47 states absorb the cost with no additional fees to their customers. This means that DHS is the only customer paying grocers for transaction fees in Iowa. Other customers, such as the general public, are not required to pay the grocer \$.07 for using their debit card.

Eliminating the EBT retailer fee is projected to result in a savings of \$333,693 in state funds and an additional \$333,693 in matching federal funds in SFY 2006. State savings can be redirected

to help offset projected increased costs for the Family Investment Program (FIP) caused by an increase in the FIP caseload. The projected state savings by eliminating the EBT retailer fee could provide FIP assistance to an estimated 83 families per month.

Other Innovations Already in Progress

1. Increased Accessibility to Food Assistance

DHS was recently awarded a federal grant in the amount of \$882,452 to simplify its food assistance application process and improve access to food assistance by all eligible Iowa households through:

- The establishment of a centralized statewide Customer Call Center that will respond to inquiries about the Food Assistance Program and to process some applications and reported changes in circumstances of households already participating in the program. Iowa does not have such a center at the state or local level.
- The simplification of forms used in Iowa's Food Assistance Program, addressing all aspects of the program, and the translation of these forms into Spanish. Latinos represent the largest and fastest growing minority population in the state whose native or first language is not English.
- The coordination of both new and other initiatives already in progress that share the overall goal of improving access to food assistance benefits. A special feature of the coordination involves the systemic and uniform training to interested local religious and community organizations so they may provide pre-screening for food assistance benefits as a part of other services they offer to low-income individuals. The purpose of the training is to insure the integrity of the information being provided to both the customer and the local food assistance office.

Funds under this grant did not require a state match and are available for use from July 2004 through March 2007. Services provided through this grant complement rather than duplicate food assistance outreach activities. Funds available through this grant may not be used to replace any administrative costs already present from administering the food assistance program.

2. Family Investment Agreements Before Receiving FIP

Currently, families applying for Family Investment Program (FIP) benefits are referred to the PROMISE JOBS program, previously described, after their application has been approved. Once referred, FIP families are required to enter into a Family Investment Agreement (FIA). The FIA is a written contract made after assessment of the families' strengths and barriers. The FIA lists what steps the family will take toward self-sufficiency, any barriers toward these steps and how the barriers will be addressed, appropriate referrals and what supports PROMISE JOBS will provide. The FIA is the first step towards achieving self-sufficiency and leaving FIP.

The sooner a FIP family is able to write a FIA and begin working towards self-sufficiency, the greater the chance they will succeed and not need FIP. DHS, under statutory changes enacted by the state legislature, is in the process of implementing a new FIP eligibility requirement that families applying for FIP must sign an FIA before being approved. “FIA’s before FIP” will give FIP families a faster start on the road to self-sufficiency.

OFFER JUSTIFICATION

Existing Activity

Family Investment Program

The *Family Investment Program (FIP)* provides monthly cash assistance to an average of 20,388 low-income families with children to meet their basic needs while they become self-supporting. In SFY '06 we project an average of 20,388 families will receive an average payment of \$336.36 per month.

FIP state general funds contribute towards meeting the Temporary Assistance for Needy Families (TANF) block grant Maintenance of Effort (MOE) requirement. Failure to meet the TANF MOE requirement would result in a reduction of our TANF block grant by the amount equal to the amount we failed to meet MOE. The state would also have to replace the lost federal TANF funds with State funds during the subsequent fiscal year. Failure to replace the TANF funds with state funds will result in an additional penalty of not more than 2% of the adjusted TANF block grant in the following fiscal year.

Example: If we did not meet MOE by \$40,817,677 (SFY 06 FIP/JOBS case assistance general fund need), the TANF block grant would be reduced by \$40,817,677 and our state need would increase by the same amount. If the state did not replace the lost TANF dollars with state funding and the state decided to cover the shortfall by implementing a waiting list for FIP, approximately 10,194 families per month (half of the SFY 2006 projected FIP caseload) could not receive FIP cash assistance. Only state expenditures used to help “eligible families” can be used to meet MOE. An “eligible family” must be a citizen or certain alien, have a child living with them, and are financially eligible based on income/resource criteria established by the state. Only FIP, PROMISE JOBS, FaDSS and Child Care Assistance provide assistance to “eligible families” therefore, it is critical these programs receive the necessary state funding to ensure we meet MOE. [45 CFR 263]

FIP provides a relatively stable and reliable source of income for families with children to meet their basic needs while they become self-supporting. It encourages work and provides supportive services through the PROMISE JOBS and FaDSS programs so families can gain the skills necessary to overcome family barriers and achieve self-sufficiency. By meeting the family’s basic needs and providing supportive services, FIP promotes the establishment and maintenance of safe and supportive families resulting in healthy and socially competent children. Young parents are required to attend parenting classes and minor parents are required to live under adult supervision.

Iowa's FIP policies have led the national standard with supporting two-parent families, promoting parental responsibility for their children, and providing equal emphasis on work and human investment. One result of this was Iowa winning a TANF High Performance Bonus award for family formation and stability. This award is based upon fair policies to two-parent families and is measured by the number of two-parent families receiving FIP.

A majority of families receiving FIP are also eligible for Food Assistance and Medicaid, thus providing a comprehensive menu of services that provides for the families nutritional and health needs.

PROMISE JOBS and Family Development and Self-Sufficiency (FaDSS)

PROMISE JOBS services end the dependence of needy families on FIP by promoting job preparation and work. Although PROMISE JOBS services focus on employment, family issues are also addressed so the family can focus on gaining the skills needed to get and keep a job. FaDSS supports PROMISE JOBS services through home visits that begin by stabilizing the family and addressing the needs of all family members. The partnership of PROMISE JOBS and FADSS is unique by providing services that not only lead to self-sufficiency, but also focus on child well-being. Children in families with sufficient income and the personal resources to deal with life issues grow up in a more stable environment and achieve better outcomes.

Our attention to detail has provided rewards. Iowa has received over \$19 million dollars in TANF High Performance Bonus awards since 1999. (*Attachment A*) The High Performance Bonus awards have been for job entry, success in the workplace (earning gain and job retention), and family formation and stability. Iowa continues to achieve success balancing innovative policies and limited resources.

Families are better off after receiving PROMISE JOBS services. Those that left FIP in SFY 2004 due to income made an average of \$2.20 more per hour, or 34% more, when leaving in SFY 2004 than those that left in SFY 1996. (Hourly wages increased from \$6.50 in SFY 1996 to \$8.70 in SFY 2004.) (*Attachment B*)

We project PROMISE JOBS will serve an average of 17,932 individuals per month, with an average of 15,242 individuals receiving an average expense allowance of \$26 per month. FaDSS will serve an average of 2,062 families per month.

PROMISE JOBS and FaDSS help families become self-supporting by:

- Working with families to develop a Family Investment Agreement (FIA) that details steps, time frames and the supportive services needed to achieve greater self-sufficiency with an emphasis on work.
- FIA steps may include but are not limited to: additional education (high school completion or GED and post-secondary); improving job-seeking skills; on-the-job training; parenting and Life Skills classes; and FaDSS or other family development..
- Services also include paying for expenses related to participating in these activities such as transportation, child care, books and supplies.

- Stabilizing the family so they can begin the path to leaving FIP by:
 - Discerning barriers through family assessments that address health, child well being, relationships, and education needs.
 - Providing supports such as Life Skills classes or other supportive group meetings.
 - Reconnecting the family to their community.
- Addressing barriers through referrals to substance abuse and mental health treatment.
- Offering health education through referrals to family planning services.
- Identifying individuals who have been or are at risk of being victims of domestic violence and make referrals to community resources available to this vulnerable population.
- Supporting entrepreneurial training.

Self-sufficient families result in a more highly educated workforce and increased employment, including self-employment, at higher-paying jobs resulting in an increase in personal income. In addition to increased family income, employment may also lead to increased access to health care through employment-based health insurance. In addition, the intensive supportive services provided under FaDSS contribute toward developing and maintaining supportive relationships between children and parents.

PROMISE JOBS and FaDSS state general funds contribute towards meeting the Temporary Assistance for Needy Families (TANF) block grant Maintenance of Effort (MOE) requirement. (See the Family Investment Program justification above for an explanation on what happens if we do not meet the TANF MOE requirement.)

PROMISE JOBS and FaDSS services are critical to the state's ability to meet mandatory work participation requirements under the TANF block grant. States that meet work participation requirements have a 75% MOE requirement while states that do not have an 80% requirement. For Iowa, the difference between the two rates is \$4,130,884. In addition, states that fail to meet work participation rates are subject to fiscal penalties. An initial failure to meet work participation requirements results in a 5% (\$6,576,248) reduction in the state's TANF block grant for the federal fiscal year following a determination the requirement was not met. For each consecutive year a state fails to meet work participation requirements the penalty increases by 2% (\$2,630,499) over the previous year's penalty.

The state must replace any lost TANF funds resulting from failure to meet work participation requirements with state funds during the subsequent federal fiscal year and these state expenditures do not count toward MOE. Failure to replace the TANF funds with state funds will result in an additional penalty of not more than 2% (\$2,630,499) of the adjusted TANF block grant in the following federal fiscal year plus the amount the state failed to replace.

Diversion

The *Diversion* programs provide work-related interim assistance to avoid, eliminate or reduce families' reliance on Family Investment Program (FIP) benefits. Services address specific barriers to obtaining or retaining employment that can be met through immediate, short-term

help. Examples include assistance in purchasing or repairing cars to provide transportation to work, or the payment of specific job expenses such as licensing fees, tools, etc. Meeting the family's employment needs decreases the family's reliance on public assistance and increases family income and stability.

Most families (93%) receiving Diversion services instead of FIP remain off FIP for at least 17 months after receiving the diversion. Over half (55%) PROMISE JOBS families that receive participant diversion leave FIP within 6 months of receiving assistance.

In SFY 06, we project an average of 306 families per month will receive benefits to avoid FIP, while an additional 194 families per month will receive benefits to leave FIP sooner.

Food Assistance

Food assistance prevents hunger and helps family's meet their basic nutritional needs and increases the family's nutritional levels. Preventing hunger is one of the building blocks in all of social service. It doesn't solve all of a family's problems, but other problems are more manageable if hunger is not an issue. Many people receiving food assistance are on fixed incomes. Food assistance allows seniors to not have to make the difficult choice between buying food or prescription drugs.

Since July 2003, participation in Iowa's food assistance program has increased by 23% from 154,325 individuals to 189,667 individuals. By the end of SFY 2006 we project to serve 46% (55,454) more individuals. The U.S. Department of Agriculture has estimated that every \$5 in food assistance generates \$9.20 in local and state economic activity. This means in SFY '06 the food assistance program will provide an additional \$17,791,474 to Iowa's economy.

The Food Stamp Employment and Training (FSET) program serves a similar function as PROMISE JOBS for individuals receiving food assistance who are not on FIP. Federal regulations require FSET when operating a food stamp program.

Improved Activity

1. Make Work Pay for FIP Families

Under this proposal, working families on FIP will receive an additional \$26.23 in their monthly FP benefit, increasing from an average of \$269.48 per month to \$295.71 per month. Also, an additional 296 working families per month will be eligible for FIP.

Increasing the FIP Earned Disregard when calculating FIP eligibility and benefits will reward working families by allowing them to keep more of their earnings and will increase their FIP benefit. It will "make work pay" for families applying for or receiving FIP, creating an increased incentive to obtain, maintain or advance employment. These families would also become or remain eligible to receive services under the PROMISE JOBS and Family Development and

Self-Sufficiency (FaDSS) programs, and would be exempt from any co-payment for state-assisted childcare.

The Iowa FIP cash grant has not been changed since 1989. (*Attachment C*) Inflation has significantly eroded the buying power of the grant, not keeping up with the cost of housing and clothing children. In order to be eligible for FIP, a family's income cannot be above 87% of the federal poverty level (*Attachment D*). Making work pay not only provides a powerful incentive for FIP families to get and keep a job, it also helps for a more secure transition to being self-supporting and provides for the stability, safety and well being of the children.

2. Provide PROMISE JOBS Services to Refugees

Refugee families receiving FIP would be provided PROMISE JOBS type services, customized to address language and cultural differences, to improve education levels and to obtain, maintain or advance employment and gain access to employment-based health care.

3. Food Assistance Outreach

The number of low-income individuals and families receiving food assistance (Food Stamps) would increase. Increasing outreach for food assistance further addresses risk factors by helping individuals and families have access to adequate food.

¹Food insecurity in Iowa has increased from an average of 6.5% in 2002 to 7.6% in 2003.² Less than half of eligible Iowans actually receive food stamp benefits and for seniors the gap is significantly greater. Food Assistance Outreach would increase awareness to these populations and build community partnerships that assist in providing information to low income working families, disabled and elderly.

3. Eliminate Grocer Subsidy (EBT Retailer Fee)

Only three states currently reimburse retailers for the EBT transactions. (Iowa, Texas, New Jersey). The reimbursement rate for the three states is: Iowa \$.07, Texas \$.02, and New Jersey \$.014. Government is the only customer paying the retailers for the transaction fees. Other customers, like you and I, are not required to pay the retailer \$.07 for using our debit card. The state could use these funds to expand the use of the EBT card and explore adding other state programs to the card (Medicaid, WIC, unemployment, etc) thereby creating greater efficiencies in other program areas.

The following language will need to be added to the SFY 06 Appropriations Bill.
"Notwithstanding section 234.12A, subsection 1, for the fiscal year beginning July 1, 2005, a retailer providing electronic equipment shall not be reimbursed a transaction fee."

¹Susan L. Roberts JD, MS, RD. *Hunger in Iowa*. Agricultural Law Center: Drake University, September 2003.

PERFORMANCE MEASUREMENT AND TARGET**Existing Activity**

Measurement	Target
Number of Iowans receiving Food Assistance	TBD
Percent of eligible Iowans receiving Food Assistance	TBD
Percent of families who leave and remain off FIP for at least 12 months	68.0%
Hourly rate of earned income for families exiting FIP due to income reasons	\$8.82
Percent of families not applying for FIP after receiving diversion assistance for at least 12 months after the family is eligible to apply for FIP	81%
Percent of families leaving FIP within six (6) months of receiving diversion	51%
Average monthly number of people served through food banks and soup kitchens via the Emergency Food Assistance Program	129,930
Average monthly number of people served through supplemental commodities in Polk and 8 surrounding counties	4,620

Improved Activity

Measurement	Target
Average number of families on FIP with earned income	increase TBD
Average monthly household income (from all sources) for families with earnings	increase TBD

PRICE AND REVENUE SOURCE**Existing Activity****Total Price: \$361,463,012**

Expense Description	Amount of Expense	*FTEs
Current service level		
Purchased Services	\$307,023,818	13.33
Administration	\$12,264,835	97.01
Service Delivery	\$42,174,359	638.97
Total	\$361,463,012	749.31

Revenue Description	Amount
State General Funds	\$63,442,457
Other State Funds **	\$10,587,838
Federal Funds	\$283,835,146
Other	\$3,597,571
Total	\$361,463,012

* The PROMISE JOBS contract with Iowa Workforce Development funds an additional 4.5 FTEs and 172.605 contract positions. The FaDSS contract with Iowa Department of Human Rights funds an additional 2.47 FTEs and 98.9 contract positions.

** - State Share of Child Support Recovery Unit PA Collections

Improved Activity**Total Price: \$2,011,446**

Expense Description	Amount of Expense	FTEs
Improved Existing Activity		
Increase FIP Earned Income Disregard (including administration and service delivery)	\$1,824,453	2.00
PROMISE JOBS services for refugees	\$146,993	0.00
Funding for food assistance outreach	\$40,000	0.00
Eliminate Grocer subsidy (EBT retailer fee)	(333,693)	0.00
Total	\$1,677,753	2.00

Revenue Description	Amount
State General Funds	\$1,657,753
Federal Funds	\$20,000
Total	\$1,677,753

ATTACHMENT A

Iowa's High Performance Bonus Awards

Year Earned	Measure	Award Amount	National Ranking
FFY 2003	<ul style="list-style-type: none"> • Success in the Workforce • Family Formation and Stability 	<ul style="list-style-type: none"> • \$3,328,155 • \$1,161,040 	<ul style="list-style-type: none"> • 5th • 5th
FFY 2002	<ul style="list-style-type: none"> • Job Entry • Success in the Workforce 	<ul style="list-style-type: none"> • \$4,760,355 • <u>\$1,815,893</u> max award - \$6,576,248	<ul style="list-style-type: none"> • 8th • 6th
FFY 2001	Medicaid/SCHIP Improvement	\$591,291	5 th
FFY 2000	<ul style="list-style-type: none"> • Job Entry improvement • Success in the workforce improvement • Success in the Workplace 	<ul style="list-style-type: none"> • \$3,225,393 • \$2,419,642 • <u>\$ 931,213</u> max award - \$6,576,248	<ul style="list-style-type: none"> • 5th • 9th • 5th
FFY 1998	Success in the Workforce	\$1,171,750	9 th
Total Awards		\$19,404,732	

FFY 1999 was the first year High Performance Bonuses, based on 1998 performance were awarded.

Success in the Workforce is based on job retention and earnings gain.

ATTACHMENT B

**STATE OF IOWA
WELFARE REFORM ACHIEVEMENTS**

October 2004**Earnings**

- The monthly average percentage of FIP families having income from working has increased from 18% in SFY 1992 to 22.34% in SFY 2004.
- FIP families were making an average of \$ 1.83 more per hour, or 29% more, when leaving FIP in SFY 2004 than those that left in SFY 1996. (Hourly wages increased from \$6.27 in SFY 1996, to \$8.10 in SFY 2004.)
- Families leaving FIP due to income are making an average of \$2.20 more per hour, or 34% more, when leaving FIP in SFY 2004 than those that left in SFY 1996. (Hourly wages increased from \$6.50 in SFY 1996 to \$8.70 in SFY 2004.)
- Families leaving FIP in SFY 2000 with post-secondary education and never returning earned 29% more in SFY 2001 than those without post-secondary education (\$14,732 compared to \$11,703).

High Performance Bonus Awards

- For FFY 2003, Iowa was awarded \$3.3 million for *Success in the Workforce* (based on retention and earnings) and \$1.16 million for *Family Formation and Stability* High Performance Bonus awards. Iowa ranked 5th in the nation for the work measure and 5th for *Family Formation and Stability*.
- For FFY 2002, Iowa was awarded a \$6.6 million High Performance bonus, the maximum bonus possible for results in categories of *Job Entry* and *Success in the Workforce*. Iowa ranked 8th in the nation for the category of *Job Entry* and 6th in the nation for *Success in the Workforce* and 6th in the nation for earnings gain.
- For FFY 2000, Iowa was awarded a \$6.6 million High Performance Bonus, the maximum bonus possible for results in the categories of *Job Entry* and *Success in the Workforce*. Iowa tied with Delaware at the number one spot for having the highest average work participation hours in paid employment.
- For FFY 1998, Iowa was awarded a bonus of \$1.2 million for placing 9th in the nation for *Success in the Workforce* and 12th in the nation for *Performance Improvement for Success in the Workforce*.

Federal TANF Work Participation

- For the 2nd quarter of FFY 2004, Iowa's overall work participation rate was 50.6%. For two-parent families, the participation rate was 43.1%. The national average for states without waivers was 29.9% for all families and 42.8% for two-parent families.
- According to the TANF Annual Report issued in February 2003: Iowa ranked first in the nation in FFY 2001 with 51.8% of adults that received assistance working in unsubsidized employment. For the same year, Iowa was 8th in the nation with the number of adults receiving assistance working 30 or more hours a week in unsubsidized employment.

FIP Usage

- The average length of time that families received FIP during a consecutive 60-month period has decreased by 38% (from 34.2 months as of April 1992, to 21.3 months as of July 2004, a decrease of 12.9 months).
- 7.2% more families who left FIP in SFY 2003 stayed off for at least **one** year compared to those who left FIP in SFY 1993 (from 58.3% in SFY 1993, to 65.5% in SFY 2003).
- 3.7% more families left FIP in SFY 2002 and were able to stay off FIP for at least **two** years compared with similar families who left in SFY 1995 (52% in SFY 1995 compared to 55.7% in SFY 2002).
- 5.4% more families that left FIP in SFY 1999 were able to stay off FIP for at least **five** years compared with families who left FIP in SFY 1992 (from 41.5% in SFY 1992 to 46.9% in SFY 1999).
- 7.1% more families leaving FIP in 1994 with post-secondary education or training were still off FIP in November 2002 than families who did not receive training.

Diversion

- 93.5% of the families receiving Pre-FIP Diversion remained off FIP for at least 17 months (they did not return to FIP in SFY 2004).
- 55.4% of the families receiving participant diversion (called Family Self-Sufficiency Grants – FSSG) in SFY 2004 left FIP within six months of receiving diversion assistance.

Caseloads and Payouts

- The average monthly number of FIP cases dropped 46%, from 36,839 in SFY 1992 to 20,090 in SFY 2004. FIP cases in the month of September 2004 (20,138) were 50% lower than the peak of 40,659 cases in April 1994.
- As family earnings increased, the average monthly FIP grant decreased by 11% -- from \$371.81 in SFY 1992 to \$331.34 in SFY 2004, a decrease of \$40.47.
- Annually, FIP spending has decreased by 52% (from \$164.3 million in SFY 1992, to \$79.9 million in SFY 2004 a decrease of \$84.4 million). Annual expenditures on FIP have decreased by 52.3% since the peak of \$167.597 million in SFY 94.

ATTACHMENT C

Maximum TANF Grant Amounts For A 3-Person Family in Iowa and Surrounding States

State	Grant Amount	Year of Last Increase
Iowa	\$426	1990
Illinois	Grants based on geographic location. Adult and 2 children: <ul style="list-style-type: none"> ◆ Chicago Area - \$396 ◆ Central - \$383 ◆ South - \$366 	2002
Kansas	Basic Grant - \$294 plus shelter standard based on geographic location: <ul style="list-style-type: none"> ◆ Group 1 - \$294 + \$92 = \$386 ◆ Group 2 - \$294 + \$97 = \$391 ◆ Group 3 - \$294 + \$109 = \$403 ◆ Group 4 - \$294 + \$135 = \$429 	1992
Minnesota	Flat Standard Grants (combining food stamps and cash grants). \$320 issued by EBT for purchase of food + \$532 cash grant = \$852	1986 for cash grant Food stamp replacement portion increases with each food stamp COLA.
Missouri	\$292	1990
Nebraska	\$364	1988
South Dakota	Parental cases: <ul style="list-style-type: none"> ◆ Grant for Independent Living Situation - \$493 ◆ Grant for Shared Living Situation - \$356 Zero Plus Grants (Children not living with parents): <ul style="list-style-type: none"> ◆ Child in state placement - \$460 ◆ Child living with other relative or caretaker - \$409 	2002
Wisconsin	W-2 Maximum grant any size household: <ul style="list-style-type: none"> ◆ Families participating in 30 hours per week of community service work - \$673 ◆ Families participating in fewer hours of work and more education and training activities - \$628 	1997

Updated 9/04

ATTACHMENT D

Poverty/Income Levels for Financial and Transitional Supports

	Poverty Level	Family of 2	Family of 3	Family of 4
2004 Federal Poverty Level	100%	\$12,490 (\$6.25/hr @ 40 hr/wk @ 50 wk/yr)	\$15,670 (\$7.84/hr @ 40 hr/wk @ 50 wk/yr)	\$18,850 (\$9.43/hr @ 40 hr/wk @ 50 wk/yr)
FIP Cash Grants	87% for family of 2 82% for family of 3 79% for family of 4	\$10,830 (\$5.42/hr)	\$12,780 (\$6.39/hr)	\$14,850 (\$7.43/hr)
Food Stamps	130%	\$15,756 (\$7.88/hr)	\$19,848 (\$9.92/hr)	\$23,928 (\$11.96/hr)
Child Care	140% with increasing co-payment amount above 100% (Up to 175% of poverty for special needs children)	\$17,484 (\$8.74/hr)	\$21,936 (\$10.97/hr)	\$32,988 (\$13.19/hr)
Medicaid Coverage for Infants and Pregnant Women	200%	\$24,984 (\$12.49/hr)	\$31,344 (\$15.67/hr)	\$37,704 (\$18.85/hr)
Medicaid Coverage for Non-Infant Children	133%	\$16,620 (\$8.31/hr)	\$20,844 (\$10.42/hr)	\$25,080 (\$12.54/hr)
HAWK-I Medical Coverage for Non-Infant Children (effective in 1999)	200%	\$24,984 (\$12.49/hr)	\$31,344 (\$15.67/hr)	\$37,704 (\$18.85/hr)
Child Support Recovery Unit Services	automatically provided to current/former welfare recipients; available to all others (regardless of income) for a \$5 application fee and payment of certain other service fees	na	na	na